

**Diversity:** This laptop missive is sent directly to approximately 7000 people every time I write one. Many of you forward it on to your relatives, friends, or coworkers, so we really don't know how many get it and read it in any given week. But it is clearly many thousands. Several hundred of you send in some comment after each missive. If it was a particularly controversial topic, we can get as many as 300-400 responses. Lest any of you think that the readers of this report are a monolithic group, here are a few of the responses from last week's laptops that illustrate the diversity of opinion from our readers:

- "You should be so ashamed of yourself....you should shut your mouth and vote for the Obama plan.....You are a hypocrite. I read your stuff and it makes me sick."
- "Boy do I love you! Your viewpoints, style, open straight forward thinking, etc. etc Wow...."  
(No. This is not from my mother)
- "You are my representative and I expect you to support the stimulus plan as presented"  
I get a lot of responses like this. They fail to understand that I represent about 699,999 other people who do not all agree with them. There is no issue on which everyone will agree. Every time I, (or anyone else) votes for something, some of my constituents like what I did, and others don't.
- "Vote this idiotic guy down with everything stupid he proposes. The big spender stimulus plan should be voted down.....Obama is a dangerous person"
- I vote with the 'Captivating Mrs. Campbell.' USC should have had a chance to rout those other rascals.
- I love the laptop reports. Thanks. Fight On against HR 1, Stop fighting on the BCS, It's basketball season: GO BRUINS!

**My Plan:** Many of you wrote me last week knowing that I oppose the big spending plan as presented, and want to know what I am for. Well, what I am for is somewhat unique. There are basically 3 forms of stimulus being discussed:

1. Keynesian spending: This comes from the economic theories espoused by Englishman

John Maynard Keynes in the early 20th century who believed that government spending would stimulate economic growth when the private sector doesn't have enough to spend. The Democratic \$819 billion "stimulus bill." is 90% Keynesian.

2. Supply side tax cuts: This follows the Laffer curve theory by San Diego economist Art Laffer that cutting taxes and leaving more money in private hands will have a greater multiplier effect and be more stimulative. The Republican alternative is 100% supply side tax cuts.

3. Demand side stimulus: This is a theory that government incentives to get the private sector to buy stuff will be an effective stimulus. None of this exists in either plan right now, but Senators are talking a lot about inserting Demand side stimulus to encourage the purchase of homes.

As you know, I opposed the Democrat stimulus plan. Not just because it is entirely spending but also because most of that spending has no multiplier and will not create any jobs in the private sector. But you may not know that I am very lukewarm on the Republican alternative as well. Although I generally always like lower taxes, I don't think that pure tax cuts will help that much when many people and businesses aren't making any money.

It's as though we have a patient (the economy) who is sick with pneumonia. The Democrat solution is to eat right (spend money), because that's what Democrats always propose to solve every problem. The Republican solution is to exercise (cut taxes), because that is the Republican solution for every problem. It is good to eat right and exercise. But the patient has pneumonia. If we don't give the patient antibiotics, all the exercise and proper diet in the world will not work.

My antibiotics for this sick economy involve some of all 3 types of stimulus. I think we should do some Keynesian, but it should be limited to infrastructure only. There there will be a big multiplier effect as the private sector moves to take advantage of new roads, electrical grid, and national Wi-Fi. We should do some tax cuts, but mainly the ones that will affect behavior and encourage risk taking now. Specifically, I favor a 1-2 year capital gains tax holiday in order to free up investment assets frozen in place by the current rates and move them to some new sectors where capital is needed. And lastly, I would do a lot on the demand side. This is a crisis caused by credit and confidence. We should have a large refundable tax credit for the purchase of a home (new or existing), or a new car for a 9 month period. Couple that with 3.9% mortgages with 20% down from government owned Fannie Mae and a similar rate on car loans

with a similar down from now government controlled GMAC. A good enough "deal" on homes and cars will encourage people "waiting for a bottom" to get off the couch and go look now which will hasten the bottom and thereby the recovery.

If we did this, it would cost less than half of the Obama plan, and would be more effective in directly targeting the problems with this recession. We will not recover until housing and autos bottom out and start coming up. It looks like the changes to the stimulus plan being discussed in the Senate may move closer to what I have been proposing. I hope so.

The objective here is to make the recession shorter and shallower so that fewer people lose their jobs, their homes or their businesses. But there is a downside to any stimulus plan, including mine. This money (contrary to much of what you hear on TV) is not free. It will be borrowed. Interest has to be paid on it and it has to be paid back. There is a point at which we will saturate the market for treasury bills. This money will have to be paid back, and the specter of future inflation looms large.

Until next time, I remain respectfully,

Congressman John Campbell